

**State of Nevada**  
**Office of the Secretary of State**

# **Annual Report**

## **Fiscal Year 2001**

**DEAN HELLER**  
**Secretary of State**  
January 2, 2002



## OFFICE OF THE SECRETARY OF STATE

DEAN HELLER  
*Secretary of State*

January 2, 2002

To the Governor, Legislature, and Citizens:

As Secretary of State, it is my pleasure to present this Fiscal Year 2001 Annual Report. The following is an account of the significant developments that have impacted the Nevada Secretary of State and the measures my office has undertaken to deliver improved, efficient, and convenient service to residents and business alike.

During fiscal year 2001, agency revenue climbed to over \$40.1 million, an increase of more than three percent over fiscal year 2000. Expenditures were held to approximately \$7.5 million. Over five dollars in revenue was generated for each dollar spent, and revenue per full-time employee rose to more than \$365,000.



**DEAN HELLER**  
**Secretary of State**

A recurring theme throughout much of this report is my office's expanded use of technology, which has allowed the Secretary of State to grow revenue, control costs, increase employee productivity, and most importantly, improve service. With approximately 200 office forms available online, including forms which can be completed online, our customers increasingly utilize the Secretary of State's website to conduct business with the office. My staff and I look forward to the new and improved services made possible by technology and soon to be available to our customers.

In 2002, the Secretary of State's office will experience another year of growth and challenges. We expect to file approximately 60,000 new business entities this year. It is also a year marked by important elections at nearly every level of government and to be supervised by my office. I am confident that this office will have a great deal of new activity to report at the end of fiscal year 2002.

I thank you for your attention to this Annual Report and welcome your comments regarding the Nevada Secretary of State's office.

Sincerely,

A handwritten signature in black ink that reads "Dean Heller".

**DEAN HELLER**  
**Secretary of State**

ONE HUNDRED ONE NORTH CARSON STREET, SUITE THREE  
CARSON CITY, NEVADA 89701-4786  
PHONE (775) 684-5708 FAX (775) 684-5717

Office of the

# Secretary of State

*The mission of the Office of the Secretary of State is to effectively and efficiently serve the public by performing its statutory duties to ensure the integrity of elections, facilitate business filings, protect consumers against securities fraud, preserve public records, and to promote public awareness and education in these and related areas.*

The Nevada Office of the Secretary of State was established with statehood in 1864 and is a part of the state's executive branch of government. Nevada's third highest-ranking constitutional officer, the Secretary of State is elected to a four-year term.

State law assigns responsibilities to the Secretary of State in over 100 chapters of the Nevada Revised Statutes. Many of these responsibilities require interaction with other agencies of the federal and state and local governments. The office's wide range of duties is further reflected by its Divisions: Commercial Recordings, Elections,

Securities, Notary and Digital Signature, Administrative Services, and Customer Service.

Many of the Secretary of State's responsibilities involve accepting and filing documents that become public records. For example, the Secretary of State is charged with maintaining the official records of the acts of the legislative and executive branches of the state's government. Likewise, the Secretary of State receives filings and maintains records on corporations, limited liability companies, limited partnerships, limited liability partnerships, and business trusts

**The goals of the Office of the Secretary of State are to: (1) Ensure the integrity of elections and proper disclosure by candidates and elected officials through the effective administration of the state's election laws; (2) Encourage the development and diversification of the state's business community by providing efficient, expeditious, and cost-effective service; (3) Protect consumers against investment fraud through effective regulation of the securities industry, enforcement of the securities laws, and education of the public; and (4) Maintain records and information filed with the office and to make that information more easily accessible and at a reasonable cost.**

organized under the laws of Nevada.

In addition to constitutional authority provided in Article 5, Sections 20 and 22 of the state constitution, the Secretary of State serves as Nevada's Chief Elections Officer. The Secretary of State is responsible for the execution, enforcement, and interpretation of state election laws and acts as the filing officer for statewide and multi-district elective positions.

The Nevada Office of the Secretary of State regulates the state's securities industry by registering securities, licensing the persons who sell them, and enforcing the civil and criminal provisions of the law. Moreover, the office is charged with administering the Notary Public Act, the Trademark Act, and the Uniform Commercial Code.

The Secretary of State is a member of the State Board of Examiners, State Board of Prison Commissioners, and the Governor's Steering Committee on Fundamental Review of State Government and is Chair of the Tahoe Regional Planning Agency and the State Records Committee.

The main office of the Secretary of State is located in the Capitol Building in Carson City. Additional offices operate in Las Vegas and Reno.

### **Constitutional and Statutory Duties**

**Certifies all statewide candidates and ballot questions and reports and certifies primary and general election results.**

**Supervises state and local elections.**

**Registers and files candidate contribution and expenditure reports.**

**Registers corporations, limited partnerships, limited liability companies, limited liability partnerships, and business trusts.**

**Registers trade names and trademarks.**

**Receives all Uniform Commercial Code statements and documents.**

**Appoints, trains, and regulates Notaries Public.**

**Administers the Confidential Address Program for victims of domestic violence.**

**Regulates the state's securities industry and enforces securities law.**

**Official custodian of the Seal of Nevada.**

## Executive

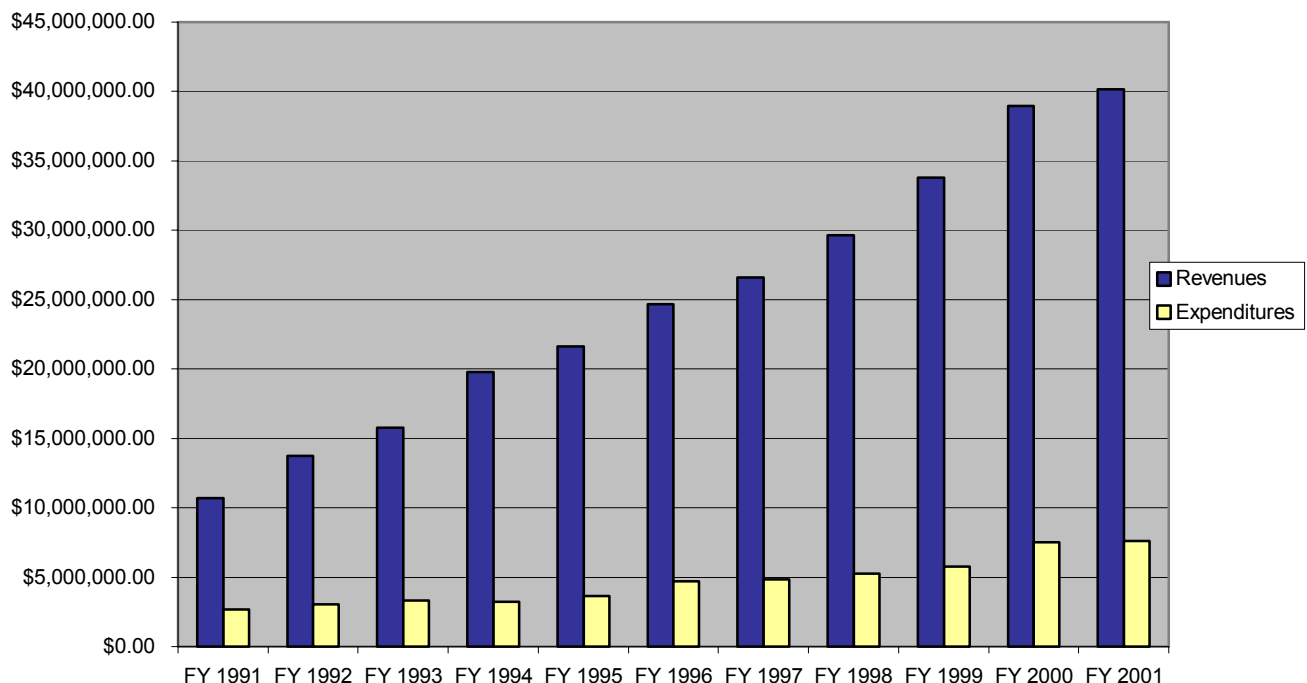
# Summary

The Nevada Office of the Secretary of State experienced continued growth during fiscal year 2001. Revenues outpaced the previous year's record-setting figures by nearly \$1.2 million, an increase of three percent over fiscal year 2000. Much of this increase is attributable to increased receipts by the Commercial Recordings and Securities Divisions, which generated more than \$36 million in revenue

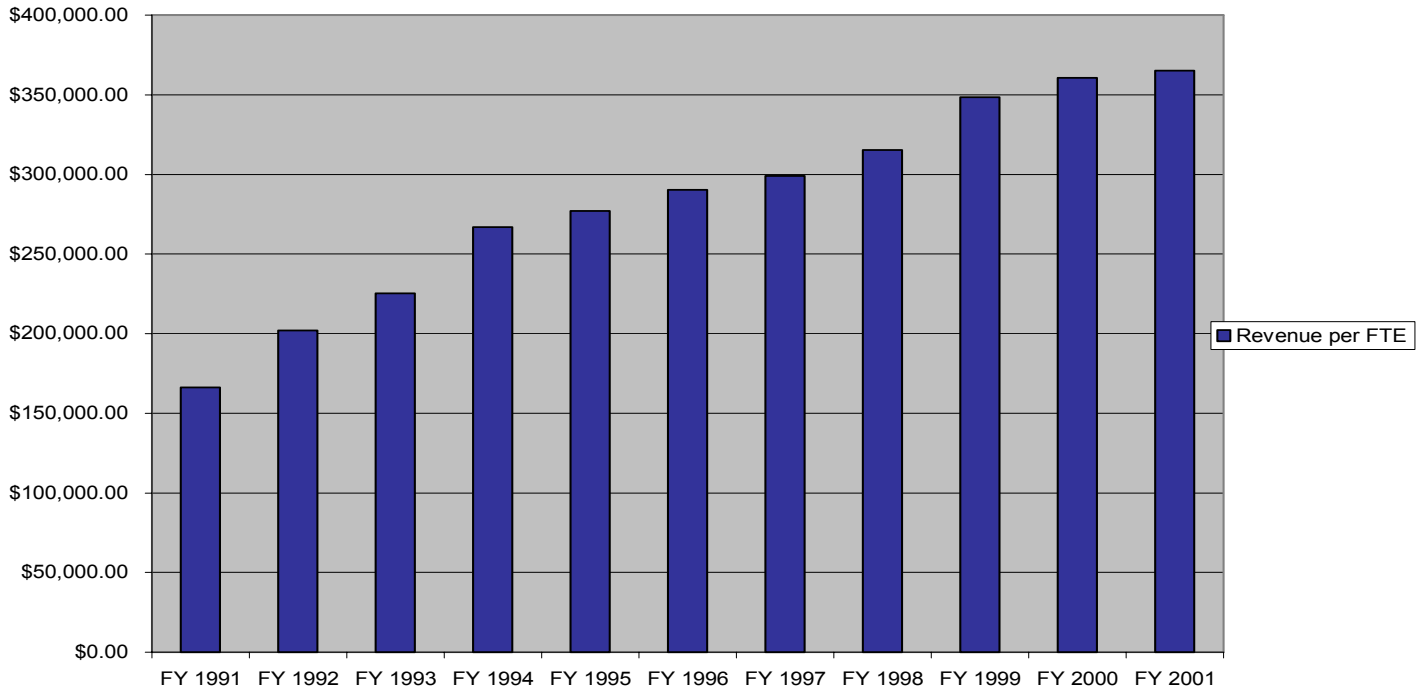
combined.

Despite increased staffing levels in fiscal year 2001, expenditures topped those of fiscal year 2000 by a mere one percent. Moreover, the expanded use of efficient and cost-effective technology, coupled by a reevaluation of office procedures and comprehensive employee training, has led to increased staff productivity. Over \$365,000 in revenue was generated per employee

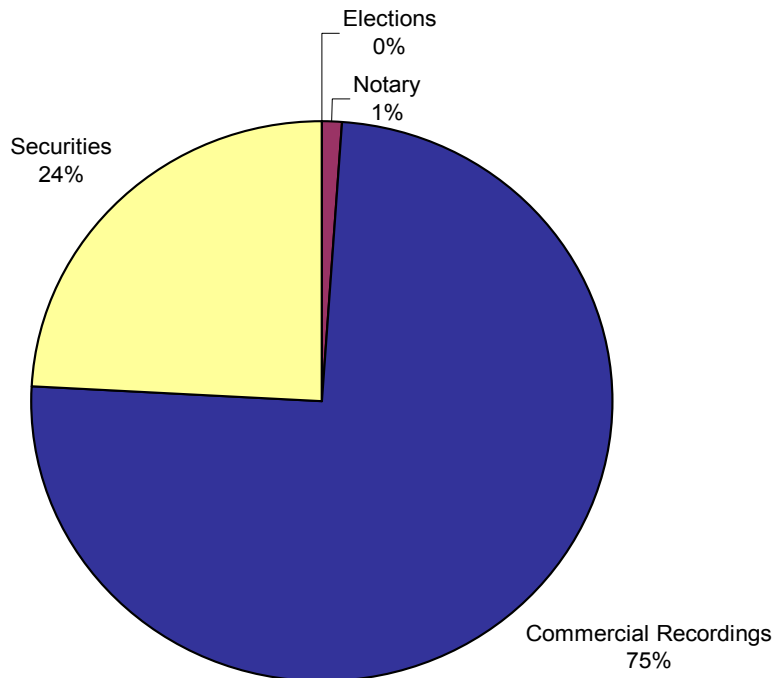
**Nevada Secretary of State  
Revenues vs. Expenditures  
Fiscal Years 1991-2001**



**Nevada Secretary of State  
Revenue per Full-Time Employee (FTE)  
Fiscal Years 1991-2001**



**Nevada Secretary of State  
Revenue by Division  
Fiscal Year 2001**



during fiscal year 2001, an increase of two percent over the previous fiscal year.

The Office of the Secretary of State strives to make conducting business with the office increasingly efficient and convenient for its customers. The expanded use of technology, continuous evaluation of office procedures, and commitment to employee development have brought benefits that extend well beyond office revenue. Businesses and residents alike have been the beneficiaries of improved service in their dealings with the Secretary of State.

Since its unveiling in 1998, the Secretary of State's website has become a valuable tool by which individuals and businesses interact with the office. Generating in excess of two million hits per month, the website attracts an average of more than 80,000 visitors per day. Approximately 200 forms, ranging from investor complaint forms from the Securities Division to Notary Public application forms, are available online from the Secretary of State. In addition to providing a service that is now expected by consumers and businesses, the website has had the added advantage

of reducing the number of incoming telephone calls to the office's Customer Service Division, and hence, the number of calls abandoned by customers.

The technology in place in the Secretary of State's office has also allowed the office to proceed with e-commerce applications, and in the process, become an e-government leader in the State of Nevada. Online corporate name reservation marked the Secretary of State's first e-commerce venture in late December of 1999, and candidates for office are now afforded the opportunity to electronically file Contribution and Expenditure Reports with the Secretary of State, Elections Division. In the very near future, additional e-commerce opportunities will be available to customers.

The Office of the Secretary of State has also felt the impact of legislative actions during fiscal year 2001. Legislation regarding fees charged by the Commercial Recordings Division, expedite services, the licensing of athletes' agents, and others was enacted during the 2001 legislation session.

These developments and the many others that have affected the

Office of the Secretary of State during fiscal year 2001 are discussed in further detail in the following Division Profile sections of this report.



## Division Profile

# Commercial Recordings

The Secretary of State, Commercial Recordings Division, is responsible for processing and filing the organizational and amendatory documents of entities organized under the laws of the State of Nevada. These entities include for-profit and nonprofit corporations, limited partnerships, limited liability companies, limited liability partnerships, and business trusts. The Division is also charged with reviewing, filing, and processing Uniform Commercial Code financing statements, changes, and lien searches, as well as federal tax liens and utility filings.

The Commercial Recordings Division operates offices in both Carson City and Las Vegas. The Carson City office is comprised of numerous sections, including New Filings, Status, Amendments, and Uniform Commercial Code (UCC). A Floater Division was created in 1998 to train staff in all areas of the Commercial Recordings Division,

allowing the office to respond to periodic or seasonal staff shortages and increases in workload. The Las Vegas office includes a Commercial Recordings Division and a Trademarks section. The Trademarks staff is responsible for the processing and filing of trademarks, trade names, service marks, and rights of publicity. All filings processed in the Las Vegas office are on an expedited basis only.

In December of 2000, the Commercial Recordings Division relocated its Carson City office. Formerly housed in the Capitol, the Division, including Uniform Commercial Code and customer service operations, moved to 200 N. Carson Street at the northwest corner of Carson and Musser Streets. The move completed an expansion of office space utilized by some Commercial Recordings Division employees since 1999 and will allow the Division to meet current and future space needs. The

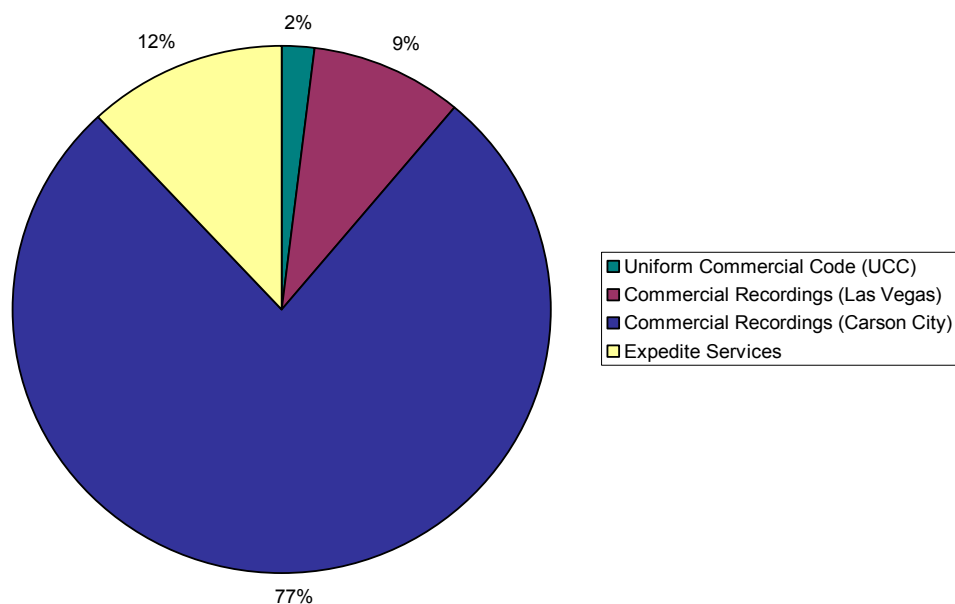
relocation of the remaining staff and operations has significantly reduced foot traffic in the Secretary of State's Capitol office and in the Capitol building. The new office also offers better parking facilities and creates a convenient, one-stop shop for customers.

The Commercial Recordings Division and its sections generated nearly \$30 million in revenue during fiscal year 2001. The Division's Carson City office is the largest revenue-producer with receipts in excess of \$23 million during the fiscal year. The Las Vegas Commercial Recordings office, including expedited services, generated

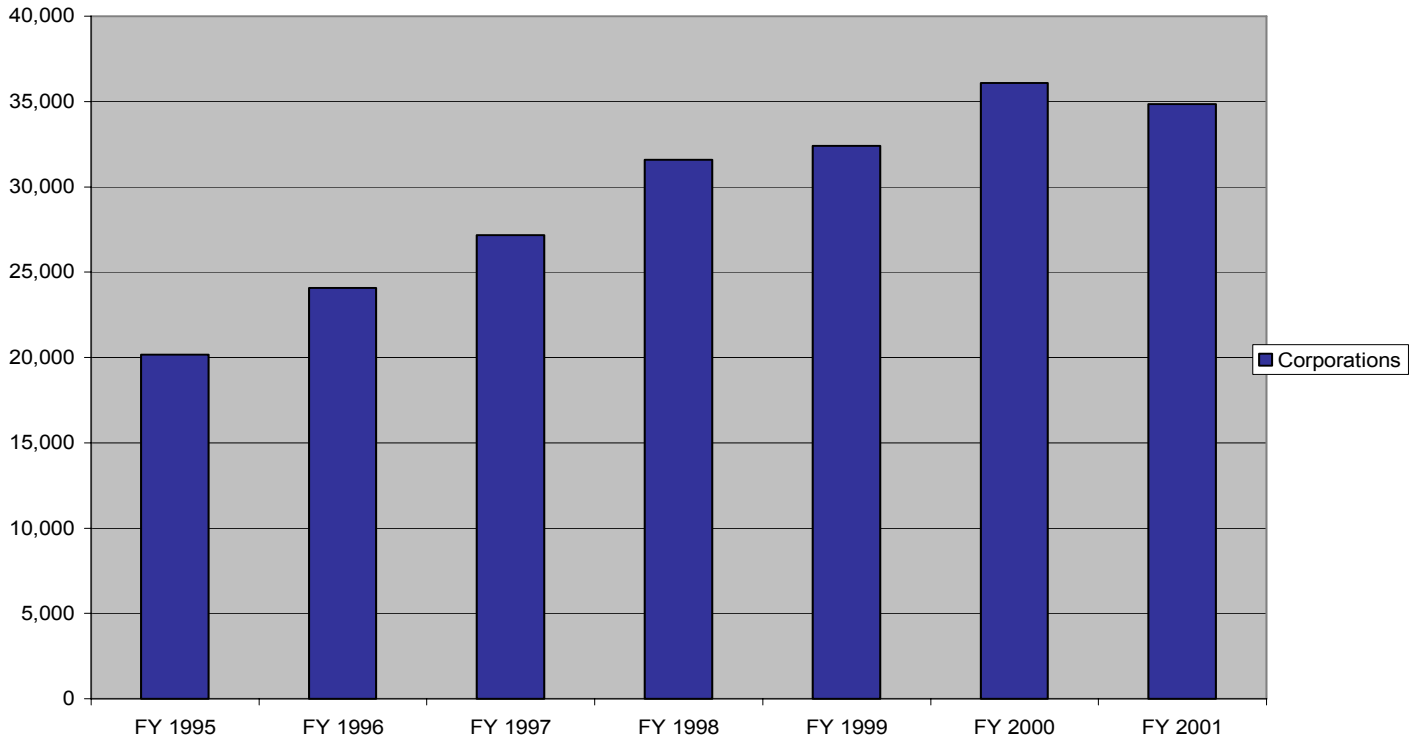
more than \$6.2 million in revenue, surpassing that of the previous fiscal year by 43 percent. UCC receipts totaled over \$614,000 during fiscal year 2001, a modest drop of approximately \$20,000 from fiscal year 2000.

In recent years, the Commercial Recordings Division has processed an increasing number of business entity filings. The number of new corporations filed annually with the Division has increased 73 percent between fiscal year 1995 and fiscal year 2001. Although the number of new filings declined during December 2000 due to the uncertainty

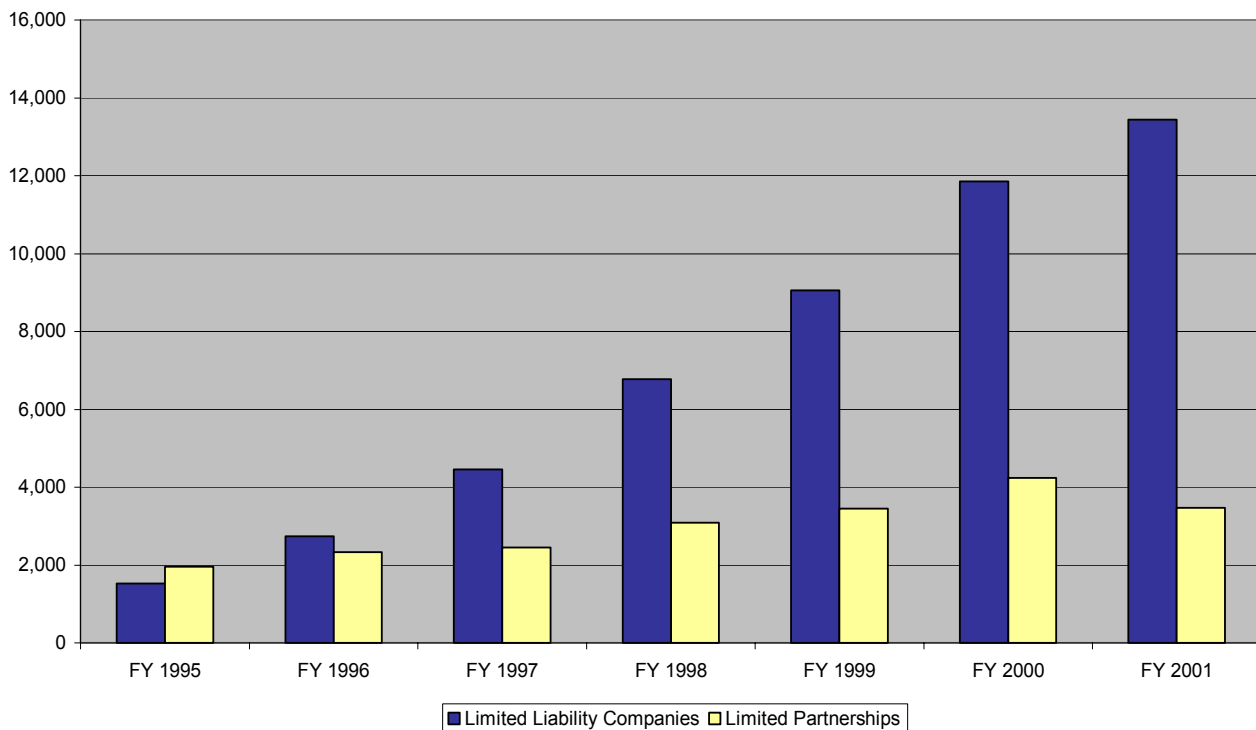
**Secretary of State, Commercial Recordings Division  
Revenue by Source  
Fiscal Year 2001**



**Secretary of State, Commercial Recordings Division  
New Corporation Filings  
Fiscal Years 1995-2001**



**Secretary of State, Commercial Recordings Division  
New Business Filings (Excluding Corporations)  
Fiscal Years 1995-2001**



surrounding November's presidential election, nearly 35,000 new corporations filed with the Nevada Secretary of State during fiscal year 2001.

In addition to corporation filings, the Commercial Recordings Division has processed a rapidly expanding number of new filings for other types of business organizations. The number of limited liability companies filed annually in the state has risen nearly nine-fold between fiscal year 1995 and fiscal year 2001, and the number of limited partnerships filed yearly has nearly doubled during that same time period.

Many factors have contributed to the unprecedented growth in the state's business filings over the past decade. In 1991, Nevada's business statutes underwent significant revision in an effort to make the state more business-friendly. In the years since, the legislature has further improved upon the state's business laws to encourage organizations to file in Nevada. For example, the 1999 legislature removed the notarial requirements on most filings processed by the Commercial Recordings Division. Business trusts were also recognized and given legal status during the 1999 legislative

session, adding another means by which businesses may organize in Nevada.

The efficient and convenient service provided by the Secretary of State's office has contributed to the state's increase in business filings, as well. Streamlining the way in which the Commercial Recordings Division provides services to its customers has significantly reduced turnaround time, allowing Nevada to become the only state in the nation to offer a ten-day, money-back guarantee to its clients. Customer service has also improved as the office has strived to become a true e-government office. Customer service representatives are able to respond to nearly every telephone inquiry now that all Commercial Recordings Divisions forms are online in a format that allows customers to complete and print the paperwork at their computers, an essential step toward an online filing process. In addition to obtaining needed forms, customers now find the answers to many frequently asked questions on the Secretary of State's website.

The Commercial Recordings Division is challenged by an increased demand for services as it continues to grow. Technology and e-commerce are

at the cornerstone of the office's efforts to improve and enhance service in order to meet the challenges of growth.

The Secretary of State's first e-commerce application allowed online corporate name reservation and the payment of reservation fees. In the very near future, online filing of new business entities, annual lists of officers, and UCC documents will be an option for Division customers. Trademark searches at the Secretary of State's website and the retrieval of all stored documents via the Internet will soon be a reality, as well.

In 1997, the Nevada State Legislature adopted Revised Article 9 of the Uniform Commercial Code, the most significant changes in the UCC since the 1970s. The Secretary of State was Article 9 compliant by the July 1, 2001 implementation date. The continued development of the UCC processing and Web applications will allow Nevada to

be one of the most advanced states in the nation in UCC processing.

Advanced technology has also allowed Commercial Recordings Division staff work more efficiently. The development of a "web-extender" has enabled staff to view images of filed documents at their desktops. Previously, microfilm was searched to find past filings, a tedious and often time-consuming project. The next step is to extend this technology to Division customers by allowing images of filings to be viewed via the Internet.

The Division's goal is to become a "virtual office," providing the capacity for employees and customers to obtain needed information from any location in the world. Technology will allow the Secretary of State and the Commercial Recordings Division to reach this goal, offering businesses and residents expanded and enhanced services.

## Division Profile

# Elections Division

The Secretary of State is the Chief Elections Officer for the State of Nevada. Through the Elections Division, the Secretary of State provides technical information, legislative analysis, and enforcement of the state's election laws and procedures.

The Elections Division oversees candidate filings; prepares forms and documents; recommends legislation and regulations relevant to the electoral process; and provides information to the public regarding candidates and elections. The Elections Division also publishes informational election materials, which are available to the public at no charge. These publications include monthly reports of voter registration; Initiative and Referendum Handbook; Minor Party Qualification Guide; Recall Information Guide; Independent Candidate Guide; Title 24 Election Laws; and Election Regulations.

An ongoing goal of the Elections Division is to increase voter

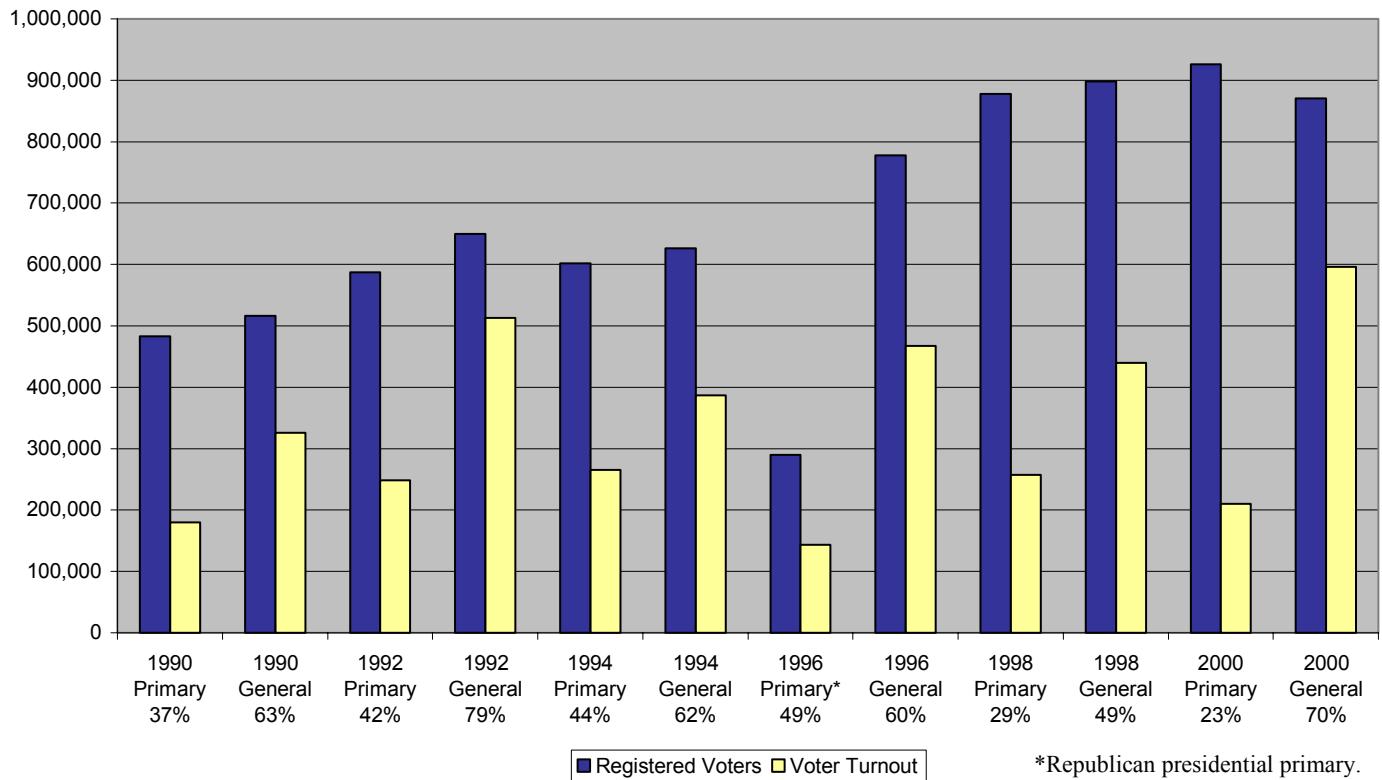
participation throughout the State of Nevada by making the electoral process more easily available to voters. A key strategy to reaching this goal is the expanded use of technology.

The Elections Division section of the Secretary of State's website has grown to include Contribution and Expense Reports, a list of candidates filed with the Secretary of State's office, candidates filed in each county, an election calendar, and frequently asked questions regarding the electoral process.

In 1998, for the first time in Nevada, election results were posted on the Internet on election night, providing the state's residents with swift and accurate voting results. As in the 2000 elections, the Elections Division will again work with each of the state's seventeen counties to provide electronic links to report election results in 2002, including the outcome of local races.

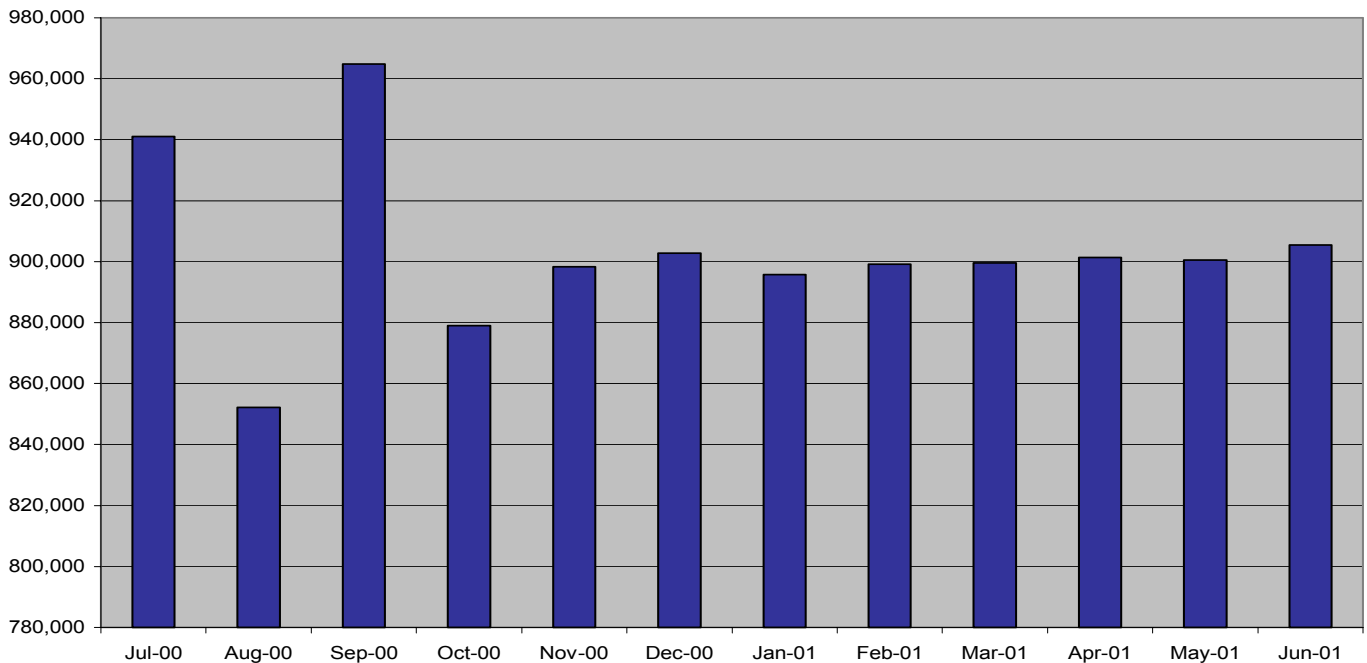
Also a part of the 2000 and 2002 elections is the availability of online

**Secretary of State, Elections Division  
Voter Turnout  
Primary and General Elections 1990 - 2000**



\*Republican presidential primary.  
Figures reflect Republican voter registration and turnout only.

**Secretary of State, Elections Division  
Active Voters by Month  
Fiscal Year 2001**



filing of candidate Contribution and Expenditure reports. As several states have mandated the electronic filing of these reports, the Secretary of State developed a pilot project for the previous election cycle to provide an electronic facility, via the Internet, for the filing of Contribution and Expenditure Reports should Nevada adopt electronic filing requirements.

## **PRESIDENTIAL ELECTORS**

On December 18, 2000, Nevada's year 2000 presidential electors

cast the state's four electoral votes for President and Vice President of the United States. Jane Ham, Trudy Hushbeck, State Senator Bill Raggio, and Margaret Peggy Wutke served as Nevada's presidential electors, receiving 301,575 votes statewide in the November 7, 2000 general election. The four electoral votes cast by Nevada's presidential electors were the final votes needed to declare Republican candidates George W. Bush and Dick Cheney the President and Vice President of the United States.



Secretary of State Dean Heller swears in Nevada's four presidential electors on December 18, 2000 in the Old Supreme Court Chambers of the State Capitol before a crowd of onlookers.



## **2000 CENSUS AND REDISTRICTING**

Nevada has experienced tremendous growth over the past decade. According to the 2000 Census, Nevada's population had increased 66.4 percent over that recorded in the 1990 Census, the largest percentage growth rate in the nation. Nevada's population currently stands at 1,988,257, and of those, 905,799 were registered voters at the end of fiscal year 2001.

As a result of the state's population growth as recorded in the 2000 Census, Nevada gained one seat in the United States House of Representatives. The 2001 state legislature, relying on Census population counts and voter registration data, drew new district boundaries based on the "one person, one vote" principle adopted through Senate Bill 14 of the 17<sup>th</sup> Special Session. In addition to revising Nevada's congressional districts, Senate Bill 14 retained a 21-member Senate and 42-member Assembly, increased the size of the Board of Regents from 11 to 13 members, and reduced the size of the State Board of Education from an 11- to a 10- member body.

## **CONFIDENTIAL ADDRESS PROGRAM (CAP)**

The Secretary of State, Elections Division, administers the state's Confidential Address Program (CAP). Created in 1997 to provide victims of domestic violence a means to conceal their physical location from an abuser, Nevada became only the second state in the nation to have adopted such a program. Domestic violence shelters and counselors are provided training on how to screen and refer individuals who may benefit or are interested in participating in the program. Upon acceptance into the Confidential Address Program, the domestic violence victim receives a confidential address whereby she or he can receive mail. During fiscal year 2001, the number of Nevada residents enrolled increased from eighteen to twenty-nine.

## Division Profile

# Securities Division

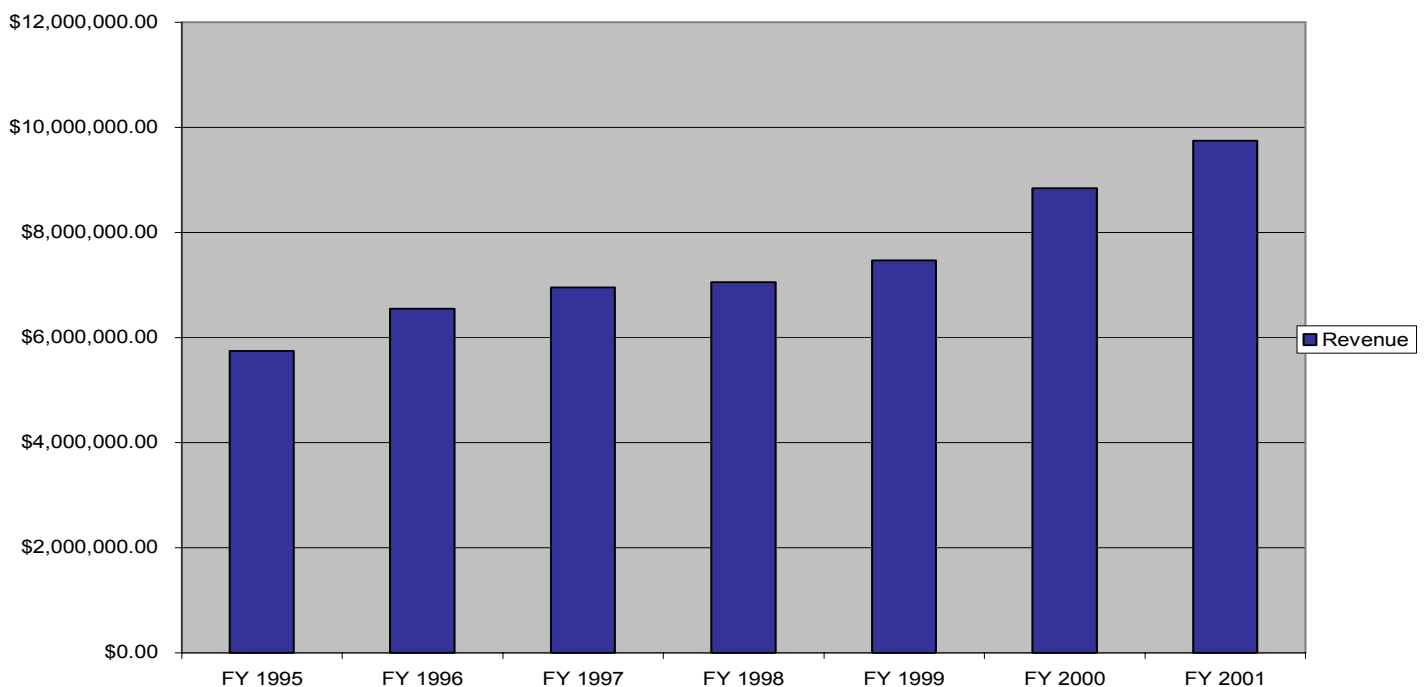
The Secretary of State, Securities Division, is responsible for administering the state's securities law. The Division's mission is to protect Nevada investors from securities fraud by licensing investment professionals; registering securities offerings; enforcing the securities law; and educating the public.

The main office of the Securities Division is located in Las Vegas. A

satellite office operates in Reno. The Division is staffed by 26 full-time employees, including six criminal investigators.

At the end of fiscal year 2001, the Secretary of State, Securities Division, had recorded annual revenue in excess of \$9.7 million. This figure represents an increase of twelve percent over the prior fiscal year and an increase of more than 70 percent over 1995. The

**Secretary of State, Securities Division  
Revenue  
Fiscal Years 1995-2001**



rise in revenues is attributable to a number of factors, including increased receipts in investment adviser and sales representative licensing; an increase in administrative fines and penalties levied and collected; and an increase in the number of registration and notice filings.

## LICENSING

Securities law requires any person engaging in the offer or sale

of securities or who provides investment advice for compensation to be licensed with the Nevada Securities Division. Individuals conducting business as an investment adviser with more than \$25 million in assets under management must register with the Securities and Exchange Commission (SEC) as a Federal Covered Adviser. Individuals conducting business in the State of Nevada with less than \$25 million in assets under

<b>Fiscal Year End</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>Broker-Dealers</b>	<b>1,871</b>	<b>2,015</b>	<b>2,171</b>
<b>Total Investment Advisers</b>	<b>540</b>	<b>623</b>	<b>714</b>
<b>Total Nevada Licensed:</b>	<b>129</b>	<b>232</b>	<b>122</b>
<b>Federal Covered:</b>	<b>411</b>	<b>NA</b>	<b>592</b>
<b>Sales Representatives</b>	<b>69,177</b>	<b>84,722</b>	<b>94,956</b>
<b>Investment Adviser Reps</b>	<b>805</b>	<b>628</b>	<b>964</b>
<b>Agent of Issuer</b>	<b>74</b>	<b>94</b>	<b>139</b>
<b>Branch Offices</b>	<b>732</b>	<b>778</b>	<b>1,093</b>
<b>Registrations and Notice Filings</b>	<b>215</b>	<b>259</b>	<b>3,186</b>
<b>Exemptions</b>	<b>7,830</b>	<b>8,915</b>	<b>5,905</b>
<b>Total:</b>	<b>8,045</b>	<b>9,174</b>	<b>9,091</b>

management must register with the Securities Division. Moreover, a representative of a Federal Covered Adviser with a place of business in Nevada must also be licensed or exempt from licensing.

During fiscal year 2001, the number of licenses issued by the Secretary of State, Securities Division, increased in nearly every category, including broker-dealers, investment advisers, sales representatives, investment adviser representatives, and branch offices. Licensing revenue increased in all categories, as well, resulting in an increase in licensing revenue of more than 13 percent over that of fiscal year 2000. Branch office licensing recorded the largest revenue gain over the prior year with an increase of nearly 49 percent.

## **REGISTRATION**

Companies seeking to offer securities for sale in the State of Nevada must register their offerings with the Secretary of State, Securities Division, or prove an exemption from registration in the Securities Act. Representing nearly

25 percent of Division revenue, receipts from securities registrations and exemptions fell less than one percent in fiscal year 2001 compared to the prior fiscal year. The drop in revenue reflects a decrease in the number of exemption filings between fiscal year 2000 and fiscal year 2001.

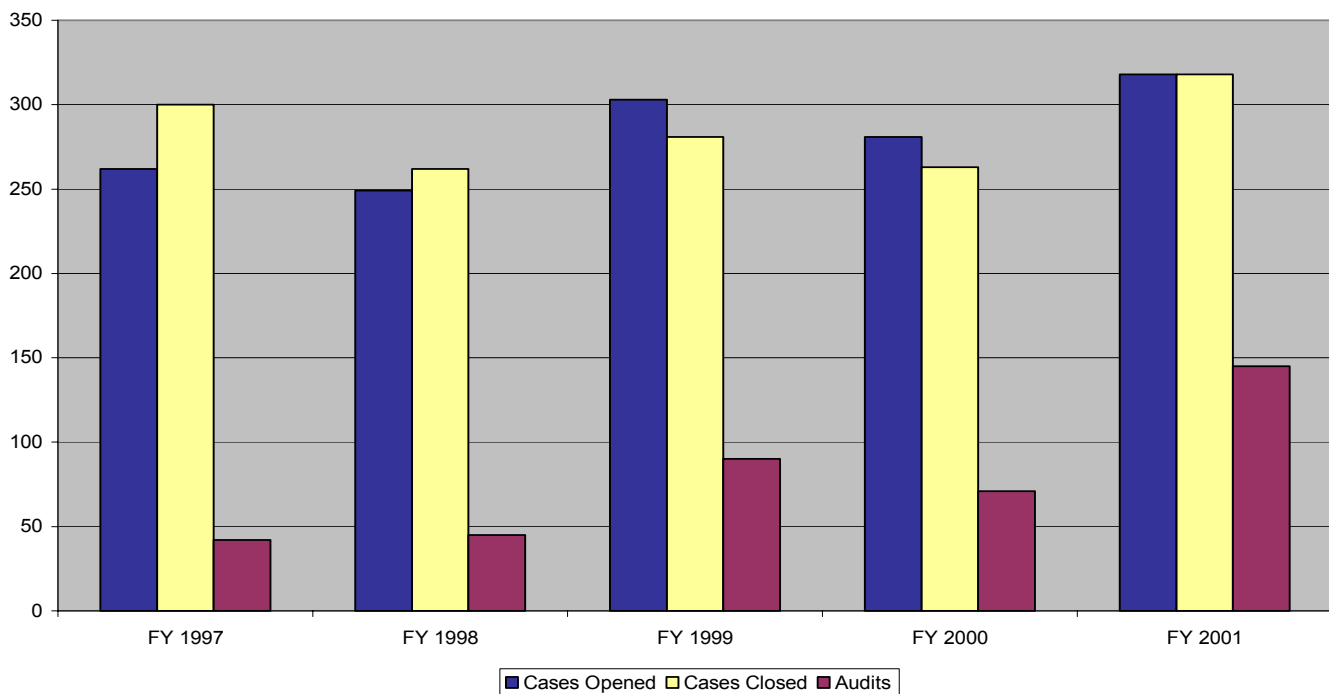
## **ENFORCEMENT**

The Securities Division began fiscal year 2001 with 156 active cases open. An additional 318 cases were opened and closed during the course of the year. Fiscal year 2001 concluded with 156 cases pending.

During fiscal year 2001, cases investigated by the Securities Division resulted in seven criminal convictions. Over \$1.4 million in restitution was ordered paid to victims.

Other enforcement actions brought by the Securities Division during fiscal year 2001 include one cease and desist order; two license suspensions and revocations; one consent agreement; and the assessment of more than \$208,000 in fines. In excess of \$136,000 in fines was collected during the fiscal year,

**Secretary of State, Securities Division  
Enforcement Activity  
Fiscal Years 1997-2001**



a jump of approximately 35 percent over fiscal year 2000. Monies recovered for investors totaled more than \$1.2 million.

At the end of fiscal year 2001, the Securities Division was granted access to the National Crime Information Center (NCIC). An important tool for conducting criminal investigations, the NCIC allows designated investigators to perform criminal background checks. Previously, Division investigators had to rely on other law enforcement agencies, such as the state Attorney General or local police, for

information on a suspect's criminal history. After demonstrating that a significant amount of Division resources are devoted to law enforcement, the Securities Division was provided an NCIC terminal for use at both its Las Vegas and Reno offices.

In addition to investigating criminal cases, the Securities Division conducts routine and for cause examinations of Nevada's broker-dealers and investment advisers. Currently, Nevada-based firms are examined approximately every two years in order to ensure

compliance with the statutory requirements for conducting a securities business in the State of Nevada. Division investigators also review the securities firms' procedures for compliance with SEC rules and the National Association of Securities Dealers (NASD) Conduct Rules. During fiscal year 2001, 145 examinations were conducted by Securities Division investigators. Inspection fees collected totaled more than \$49,000.

In order to ensure the Division is prepared for a rapidly changing securities industry, training is not only a priority but vital to the ongoing education of Securities Division investigators and other staff members. During fiscal year 2001, two Division investigators completed peace officer training. Other training opportunities pursued by staff during the fiscal year included those offered by the Federal Law Enforcement Training Center (FLETC), which introduces participants to the principles and techniques governing acquisition of computer data files and search and seizure of computer-

related equipment and media; the National White Collar Crime Center (NWCCC), which presents state-of-the-art training for economic crime investigators; the North American Securities Administrators Association (NASAA), which focuses on such topics as broker-dealer inspection, investment adviser audit training, enforcement, litigation training, and new investigator training; the Certified Fraud Examiners Association (CFE), which provides courses in locating hidden assets and in auditing for contract and procurement fraud, financial statement fraud, and computer fraud; and the Securities and Exchange Commission (SEC), which offers classes covering churning, suitability, market manipulation, sales practices, audit objectives, possession and control, and investor characteristics.

## **EDUCATION**

The Securities Division's fiscal year 2001 investor education programs and initiatives are detailed in the Education and Outreach section of this report.

## Division Profile

# Notary Division

The Secretary of State, Notary Division, appoints, trains, and regulates Notaries Public in the State of Nevada. Currently, more than 27,000 Notaries Public serve the residents of Nevada, providing such services as taking acknowledgements, executing jurats, administering oaths, and certifying copies. Notaries Public serve in law firms, title companies, banks, government offices, and many other private businesses.

The Notary Division is also responsible for providing authentication of notary signatures, known as apostilles or certifications. Typically used for documents to be presented in foreign countries, apostilles and certifications can only be issued by the Secretary of State's office. As the number of Notaries Public in the state has increased, so too has the number of apostilles issued annually by the Notary Division. During fiscal year

2001, the Notary Division issued 7,386 apostilles, a jump from 7,002 in 1999 and 6,182 in 1998.

The Notary Division increased its presence on the Secretary of State's website during fiscal year 2001. In addition to Notary Public applications forms, the Notary Division section of the website now includes a notary training class schedule, all notary forms, information on how to become a Notary Public, and an explanation of notary duties. The ease and availability of Notary Division information to clients has helped to maintain a five-day turnaround for signature authentication and 15 days for processing of notary applications.

The Notary Division offers regular training sessions statewide for Nevada's Notaries Public and individuals seeking notary appointments. Generally, 12 to 15 training classes are offered each year with additional training sessions held

in Clark and Washoe Counties. These training classes are available to both the general public and the private sector. Any business with 20 or more notaries public on staff can arrange for Notary Division personnel to conduct an in-house training class at their place of business.

The Secretary of State, Notary Division, is also responsible for maintaining lists of ministers in the State of Nevada who have been licensed or approved and temporarily licensed by the state's county clerks. At the close of fiscal year 2001, the number of current active ministers in the state stood at 3,457. During the fiscal year, 253 individuals were granted temporary minister licenses, and an additional 501 individuals received general licenses as ministers.

## **DIGITAL SIGNATURES**

The legal framework providing for dramatically improved e-commerce security has become a reality in the State of Nevada. Nevada became one of the first sixteen states in the nation to

recognize digital signatures as legal and binding instruments with the passage of legislation in 1997 and 1999. In April of 2000, the Secretary of State, Notary Division, licensed California-based VeriSign, Inc., as Nevada's first digital signature certifying authority. Additional companies have since applied with the Division for licensing. The Notary Division has also adopted regulations pertaining to digital signatures and their use in Nevada.

A digital signature is an encoded message used to identify the sender or signer of an electronic message or document. Utilizing the latest in cryptography and encryption technology, digital signatures afford electronic communication the same level of legal recognition as notarization of paper documents. Thus, digital signatures provide an electronic means of proving identity online. Digital signatures are also used to confirm that a document has not been altered and to resolve disputes should one party deny that a transaction occurred. The identification offered by digital



signature technology will greatly enhance the security of electronic documents and transactions, opening the door to the expanded use of e-commerce in the State of Nevada.

In the Secretary of State's office, the most immediate application of digital signature technology will allow entities seeking to organize under Nevada law to file online. The

office is currently developing a pilot program that will accept digital signatures for incorporation documents, creating an online incorporation process. Online incorporation will save business valuable time and money and will make Nevada an even more attractive state in which to do business.

## Division Profile

# Administrative Services

The Administrative Services Division of the Secretary of State is responsible for budgeting, accounting, human resources, mail correspondence processing, same-day receipting, records retention, retrieval, and reproduction, and information technology.

The Mail Correspondence Processing and Receipting sections of the Administrative Services Division are at the nerve center of the office. This is the point at which all filings and requests for services are received, monetary instruments that accompany correspondence are receipted, and orders are routed to the appropriate divisions for processing. The mailroom processed over 320,000 service requests during fiscal year 2001.

The Accounting Section handles the Secretary of State's daily bank deposit; maintains the pre-paid trust accounts for more than 800 customers; and processes all refunds and overpayments. All money received in the office must be deposited within 24

hours. A typical daily deposit includes more than 1,000 monetary instruments.

The Administrative Services Budget Section prepares the Secretary of State's biennial budget request for the Nevada State Legislature. The section is also responsible for preparing supplemental requests to the Interim Finance Committee and works closely with the Governor's Budget Division and Legislative Council Bureau in projecting and monitoring general fund revenues. The Budget and Accounting sections therefore serve as a watchdog of the agency's fiscal affairs.

The Records Retention, Retrieval, and Reproduction (4-R) section of the Administrative Services Division processes requests for copies, certified copies of official documents, and various certificates and performs searches of current and historical records. This section plays a vital role in the Secretary of State's efforts to make every document related to a Nevada business entity available via the Internet.

The Human Resources section processes all personnel and payroll documents; assists in the recruitment of employees; provides employee orientation; maintains all employee training records; and keeps employees informed of changes in insurance and benefits.

It is worth noting that as the workload of the Secretary of State's operating divisions increases, so does that of the Administrative Services Division. During fiscal year 2001, the Division processed the increased revenues generated by the Secretary of State's office while successfully holding spending within budget.

## **INFORMATION TECHNOLOGY**

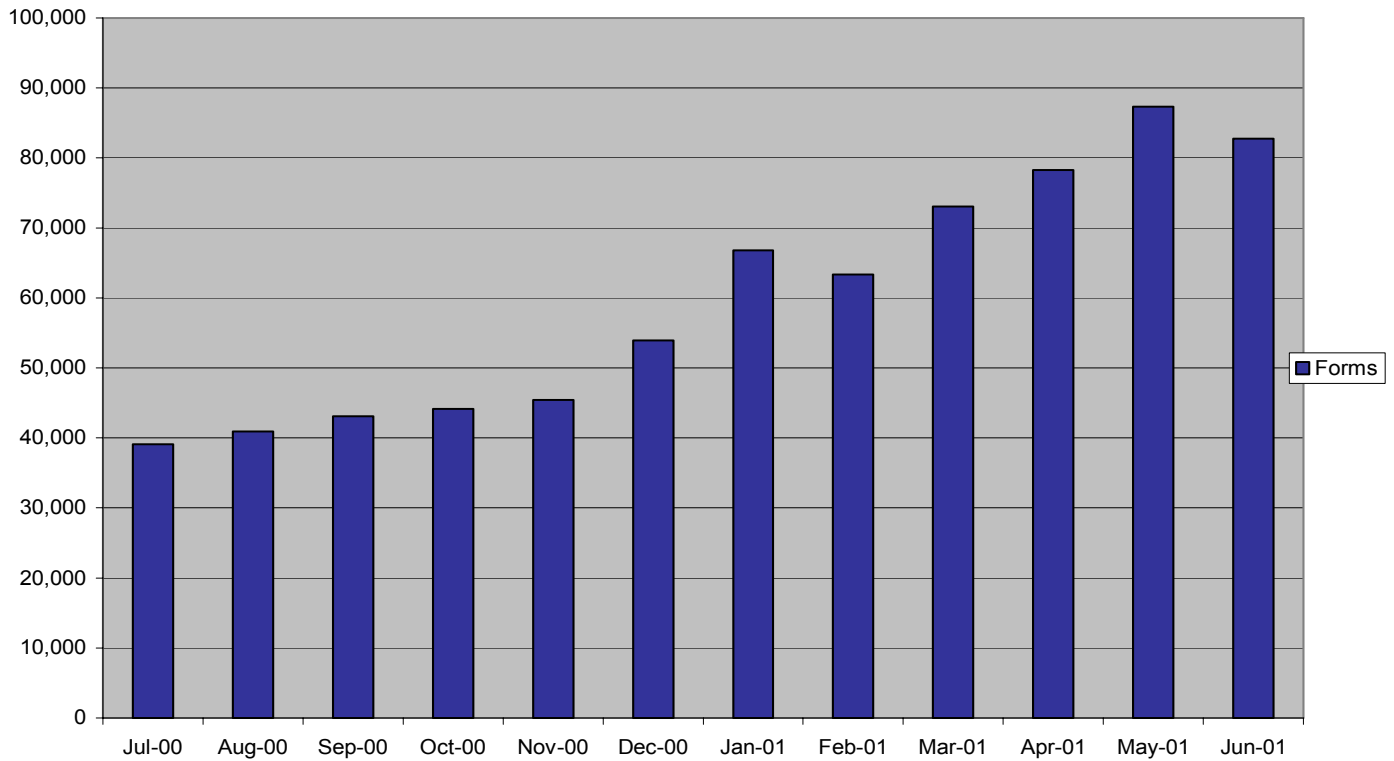
Technology is clearly the most important area in which the Office of the Secretary of State and its divisions can improve efficiency and the quality of services available to customers. Housed within the Administrative Services Division, the Secretary of State's Technology Services Section, referred to as SOSTEK, is staffed by five full-time employees and an Information Technology Coordinator.

The most visible role of SOSTEK is the development and enhancement of the Secretary of State's website, the most frequented in Nevada state government. Between its unveiling in early 1998 and the end of fiscal year 2001, the Secretary of State's website has received over 50.4 million hits. More than 2.5 million of these hits involved "sessions" in which customers engaged in interactive communication with the office, the equivalent of a telephone call.

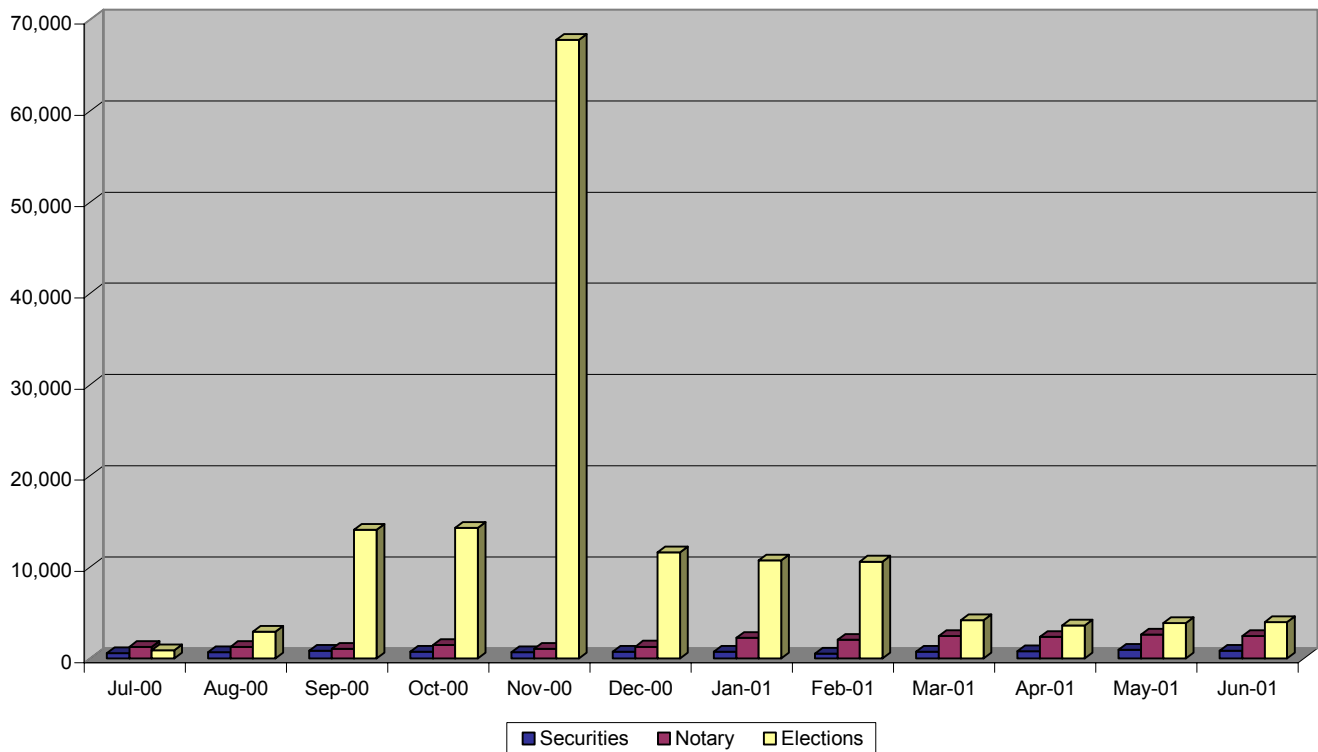
In addition to providing customers needed information in a timely and efficient manner, increased web traffic has led to a reduction in incoming telephone calls to the Customer Service Division. Incoming calls to the Division have fallen from an average of 2,200 per day to approximately 800 per day. Abandoned or unanswered calls have been reduced to fewer than 10 percent.

The Technology Services Division has placed nearly 200 forms used in conducting business with the Secretary of State's office online. While many of these forms are from the Commercial Recordings Division, customers of all divisions of the

**Secretary of State, Commercial Recordings Division  
Forms Downloaded Monthly from Website  
Fiscal Year 2001**



**Nevada Secretary of State  
Division Forms (Excluding Commercial Recordings) Downloaded Monthly from Website  
Fiscal Year 2001**



Secretary of State's office increasingly utilize this online service. For example, during the month of November 2000, Commercial Recordings Division customers downloaded nearly 45,400 forms from the Secretary of State's website. During that same month, however, Elections Division customers downloaded more than 67,700 forms, reflecting the public's increased interest in election activity surrounding the 2000 general election.

The Nevada Secretary of State competes in a global market place. The office's target market is every proposed or existing business in the world. The Secretary of State is able to reach this market with its website. In the month of June, 2001, for instance, the website generated over 2.5 million hits from more than 100 countries. Expanded e-commerce capabilities will allow the Secretary of State to further tap this global market.

The Secretary of State's first e-commerce venture, developed by the Administrative Services Division's Technology Services Section, was online corporate name reservation. First available in late December, 1999, customers are able to reserve a corporate

name and pay the requisite fees online. Corporate name reservation is generally the first step in the incorporation process, allowing a name to be reserved for 90 days while organizational documents are prepared. An increasing number of corporate names are reserved each month online at the Secretary of State's website.

Additional e-commerce applications are currently under development or planned for the near future by the Technology Services Section. Some of these projects include online filing of new business entities; online filing of annual lists of officers; e-commerce links for online applications and submission of UCC and Trademarks documents; the retrieval of all stored documents and filings via the Internet; and online filing of Notary Public applications. These e-commerce filings will allow the Secretary of State's office to grow office revenue while controlling personnel costs.

The Secretary of State has chosen to invest in technology in order to grow the office's market share and accompanying revenue and to improve service to customers. The Technology Services Section is challenged by

systems currently in place that are not wholly adaptable for e-commerce and web-based applications but strives to implement cost-effective solutions that provide significant return on investment.

## Division Profile

# Customer Service

Customer service is a top priority in all divisions and offices of the Nevada Secretary of State. The Customer Service Division presents the Secretary of State's office to the public, greeting customers at the offices, answering incoming telephone calls, and responding to e-mail. The customer service staff is trained to assist the office's customers with filing entities and obtaining forms as well as by answering questions, providing general information, and responding to complex inquiries and concerns. The Customer Service Division operates offices in both Carson City and Las Vegas.

Since the unveiling of the Secretary of State's website in February of 1998, customers seeking information regarding Nevada corporations, limited liability companies, limited liability partnerships, limited partnerships, and business trusts now work directly with customer service staff or search the Secretary of State's website for needed information. This has proved to be a simpler and more satisfactory

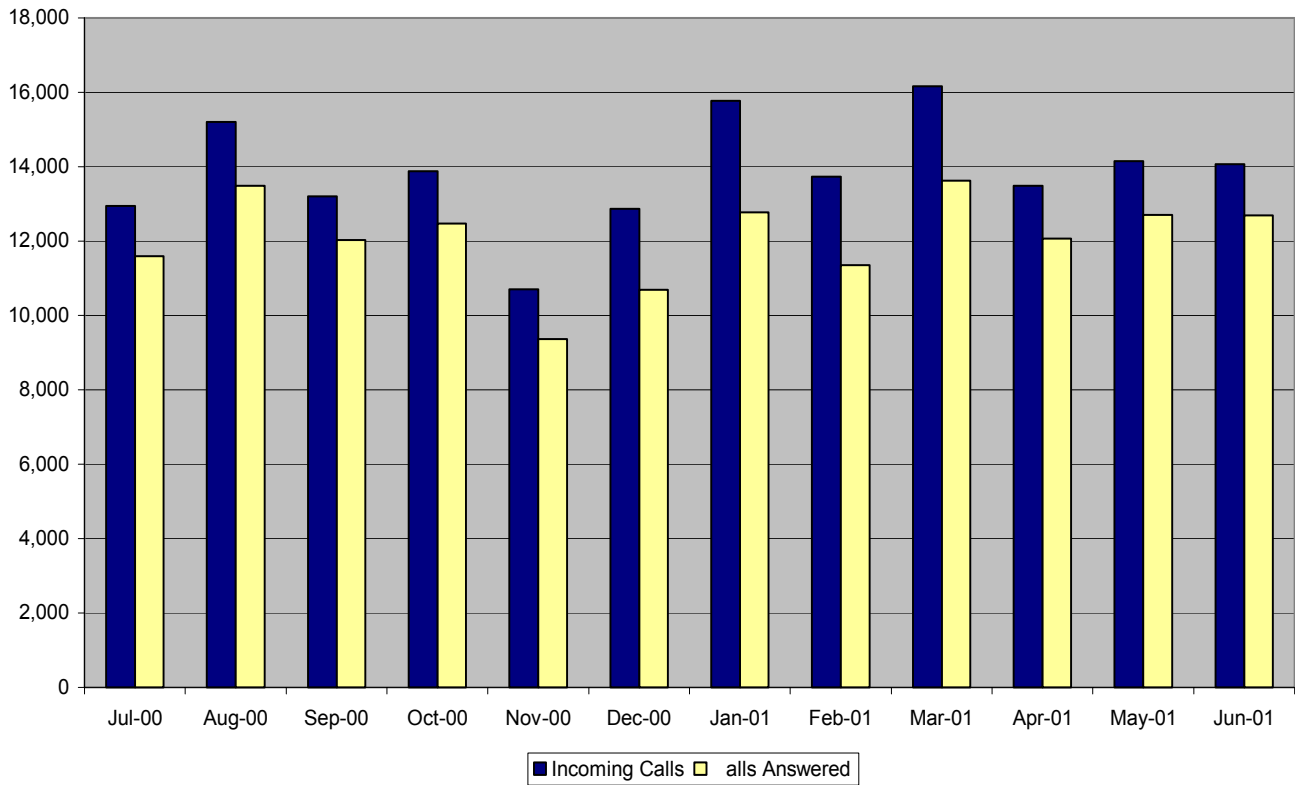
experience for customers, who save valuable time and money in the process.

An expanded customer service staff has allowed the Division to meet the challenge of an increased call volume following the removal of the automated 900-number on April 3, 2000. At a cost of \$3.50 per call, the elimination of that service has resulted in a savings of approximately \$10,000 annually for the Secretary of State's office.

Three customer service representatives are currently employed in the Las Vegas office, which files on an expedited basis only. On an average day, the Las Vegas staff will answer approximately 125 incoming telephone calls and greet an additional 110 customers at the counter. With a staff of eleven customer service representatives, the Carson City customer service office receives an average of 750 telephone calls per day and responds to an increasing number of e-mail inquiries. In addition to other duties, the Carson City staff meets

approximately 50 customers per day at the office and takes an average of 525 copy orders via telephone each month.

**Secretary of State, Customer Service Division  
Customer Call Activity  
Fiscal Year 2001**





# Education and Outreach

The Nevada Secretary of State strives to increase public awareness of the office and its duties through a variety of educational and informational programs. During fiscal year 2001, the Secretary of State sponsored or participated in numerous community activities and educational programs throughout the State of Nevada.

## INVESTOR EDUCATION

The Secretary of State, Securities Division, funds investor education

programs and materials through fines levied and collected against individuals and firms found guilty of securities law violations. Fiscal year 2001 witnessed the Securities Division's continued commitment to educating Nevada residents on investing and how to prevent investment fraud.

During fiscal year 2001, the Nevada Securities Division contributed \$8,000 to the Nevada Council on Economic Education in support of the Stock Market Game. A national



On January 4, 2001, Secretary of State Dean Heller presented awards to a team of four seventh grade students and their teacher at Cannon Middle School in Las Vegas for their first place performance in the Fall 2000 Stock Market Game.

program that teaches real-life applications of economics and consumer finance, the Stock Market Game introduces students to the workings of financial markets. Approximately 15,000 elementary, middle, and high school students statewide participated in the internet-based game during the 2000-2001 school year. Due to the Securities Division's sponsorship, Nevada is the only state in the nation in which students participate in the Stock Market Game at no charge to schools or students.

The Division contributed an additional \$2,000 to the Nevada Council on Economic Education's Entrepreneurship Program, in which elementary and middle school students establish and operate classroom businesses. With the assistance of volunteer business professionals, including staff from the Securities Division, students design a business plan encompassing production, accounting, marketing, sales, and finance. Over 40 Southern Nevada classrooms participated in the 2000-2001 Entrepreneurship Program.

The Secretary of State, Securities Division, has also extended financial and professional support to the Academy of

Finance at Clark High School in Las Vegas. The Academy of Finance is a four-year magnet program that prepares young people throughout the Las Vegas area for higher education and careers in the financial services. The Secretary of State, Securities Division, is represented on the Academy's Advisory Board, and Division staff members serve as mentors to students in the program.

In April 2001, the Securities Division co-sponsored the Fourth Annual "Facts on Saving and Investing Campaign." A nationwide promotion organized by consumer groups, financial industry associations, and government agencies, the campaign focuses on investor education and encourages people of all ages to plan for their financial futures. As part of the month-long campaign, staff from the Securities Division visited classrooms at elementary, middle, and high schools in Elko, Reno, Carson City, Laughlin, Boulder City, Henderson, and Las Vegas.

Staff from the Securities Division also presented "The Savvy Investor" workshop to more than 500 personnel at Nellis Air Force Base during fiscal year 2001. For many of the recruits who

participate in the workshop, “The Savvy Investor” represents their first in-depth discussion of saving and investing.

The Secretary of State, Securities Division, sponsored the 2000 Mining Fraud Conference in Las Vegas October 5 through October 7, 2000 in partnership with the Nevada Attorney General, the Nevada Division of Minerals, the National White Collar Crime Center, and the Nevada Mining Association. The three-day conference explored mining geology and financing, mine development and mining techniques, the history of mining fraud, and the warning signs of fraudulent mining operations

and was attended by law enforcement, regulatory, and industry professionals from many of the western states. The conference concluded with a tour of the Castle Mountain Gold Mine in San Bernadino County, California.

The Securities Division also expanded its investor education publications during fiscal year 2001. New materials available include *Tips for Online Investors*, *Nevada Seniors and Investment Fraud*, *10 Tips for Online Investors*, and *The Investor’s Bill of Rights*. Online versions of all Division publications are available at the Secretary of State’s website.



Attendees of the 2000 Mining Fraud Conference visited the Castle Mountain Gold Mine in San Bernadino County, California on October 7, 2000.

## Staff

# Profiles



**Renee Parker** was named **Chief Deputy Secretary of State** in December of 2000. She is responsible for the daily operations of the Secretary of State's office and works closely with Secretary Heller in administering the budget, implementing office policies, supervising personnel, and proposing legislative changes.

Renee previously served as policy advisor and assistant general counsel to the Public Utilities Commission. She also worked in corporate and securities law as an associate at the firm of Pillsbury, Madison & Sutro, LLP.

Renee holds a Juris Doctor Degree from the Santa Clara University School of Law and is a member of the Nevada and California State Bars.

As **Deputy Secretary of State for Commercial Recordings**, **Scott Anderson** oversees the Division that processes and maintains the filings of more than 150,000 businesses organized in the State of Nevada.

Scott holds a business management degree from the University of Nevada, Reno and is a certified public accountant.

Prior to state service, Scott was the Chief Financial Officer for a Carson City manufacturing business.

Scott resides in Carson City with his wife and family and is active in various community, school, and social activities.



**Susan Morandi** was named **Deputy Secretary of State for Elections** in June of 2000. She is responsible for the daily operations of the Elections Division.

Susan earned a Juris Doctor Degree from Santa Clara University School of Law. She is a member of the State Bar of Nevada and the Washoe County Bar Association.

Prior to joining the Secretary of State's office, Susan worked as clerk to Chief Federal District Court Judge Howard D. McKibben of Reno and First Judicial District Court Judge Michael Fondi of Carson City.





As **Securities Administrator**, **Charles Moore** manages the statewide operations of the Securities Division, directing a staff of investigators, attorneys, and legal assistants.

Charles received a Juris Doctor Degree from Oklahoma City University School of Law and a Bachelor of Science Degree in Accounting from Central State University in Edmond, Oklahoma. He is licensed as an attorney and certified public accountant.

Charles was the Director of Enforcement for the Oklahoma Securities Division prior to joining the Nevada Securities Division as Director of Enforcement in 1993.

He resides in Las Vegas with his wife and family.



**Pamela Ashworth** was named **Deputy Secretary of State for Southern Nevada** in August of 2001 after serving as Education and Information Officer for nearly two years. She is responsible for conducting educational programs and coordinating the administrative functions of the Las Vegas offices with the Carson City office.

Pam's background in educational development and community relations includes positions as Director of Education for the Nevada Hotel & Motel and Restaurant Associations and Public Information Officer for a California School District.

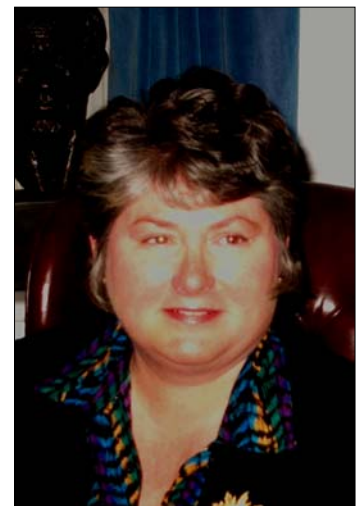
Pam holds a Bachelor of Arts Degree in Political Science from Kent State University.

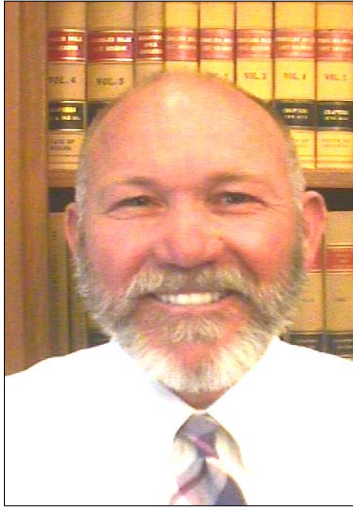
She is a resident of Henderson.

**Bru Ethridge** serves as the Secretary of State's **Notary and Digital Signature Administrator**. Bru oversees the daily operations of the Notary Division and supervises the Las Vegas Customer Service Division.

Bru conducts over 25 notary training sessions annually and has personally trained many of the state's Notaries Public. She has been employed by the Secretary of State for twelve years.

Prior to state service, Bru managed a family business with her husband, a Nevada native. Bru has been a resident of Carson City since 1969 and is active in community organizations, including the Girl Scouts of America.





**Bill Reinhard** has served in state government for 20 years. Prior to his current position as **Chief of Finance and Administrative Services Officer**, Bill was a Legislative Auditor and Chief Deputy and General Manager of the State Controller's office.

Bill works closely with the office's financial staff to monitor the budget, provide financial reports, and process payroll and personnel records. He also oversees the development of office technology.

Bill earned a Bachelor of Science Degree in Accounting from Cal Poly, University of California, and an MBA from the University of Nevada, Reno, where he is currently a doctoral candidate.

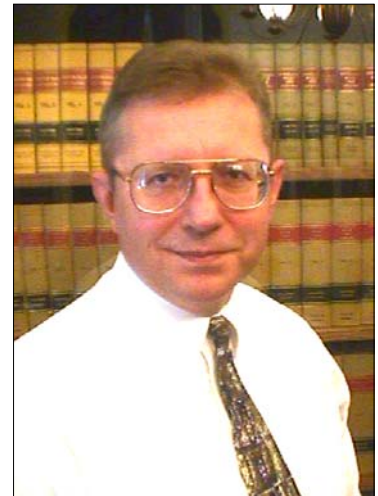
Bill resides in Reno with his wife of more than 30 years.

**Beau Pankiw** joined the Secretary of State's office in 1998. As **Information Technology Coordinator**, he is charged with developing and enhancing all technical aspects of the office.

Beau has been an employee of the State of Nevada since 1993. In addition to having an extensive background in the banking industry and in Silicon Valley, he was previously employed as a Technology Planner/Project Leader for the Department of Information Technology. There, he was responsible for the development of the first website and e-mail services of the State of Nevada.

Beau received an Associate of Arts Degree from New Mexico Military Institute and a Bachelor of Arts Degree from the University of California, Berkley.

Beau resides in Las Vegas with his wife, Michelle.



**Jo-Anne Brown** is the Secretary of State's **Customer Service Supervisor**. She oversees the day-to-day operations of the Carson City Customer Service Division and coordinates the internal training of customer service representatives.

Jo-Anne has been an employee of the Secretary of State's office for seven years.

Born in England, Jo-Anne has been a Carson City resident for more than fifteen years. She currently resides there with her husband.